

## Message Text

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ORIGIN OES-04

INFO OCT-01 NEA-09 ISO-00 ERDA-05 NSF-01 SS-15 PM-03 SP-02

ACDA-05 L-02 CIAE-00 INR-07 NSAE-00 /054 R

DRAFTED BY OES/SCI/AE:MKRATZER:MER

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PM - MR. NOSENZO

S/P:MR. KAHAN

ACDA - D. OYSTER

S/S:JPMOFFAT

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P 062204Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN PRIORITY

C O N F I D E N T I A L STATE 105820

E.O. 11652: GDS

TAGS: TECH, IR

SUBJECT: NUCLEAR COOPERATION AGREEMENT WITH IRAN

REF: TEHRAN 3872

1. SUMMARY: THIS MESSAGE PROVIDES BACKGROUND INFORMATION AND EXPLANATIONS ON NEW DRAFT NUCLEAR COOPERATION AGREEMENT AND ACCOMPANYING NOTE, TEXT OF WHICH BEING PROVIDED BY SEPTEL. EMBASSY IS REQUESTED TO TRANSMIT NEW DRAFT SOONEST TO ETEMAD AND REPORT REACTIONS. END SUMMARY.

2. AS PROMISED TO ETEMAD DURING APRIL 26-27 NEGOTIATIONS ON NUCLEAR AGREEMENT, DEPT AND ERDA HAVE PREPARED CLEAR TEXT OF DRAFT AGREEMENT FOR PRESENTATION TO GOI. EMBASSY IS REQUESTED TO PUT TEXT, PROVIDED REFTTEL, IN APPROPRIATE FORM AND TRANSMIT TO ETEMAD, OR IN CASE HE  
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UNAVAILABLE TO SHIRAJI, OF IRAN ATOMIC ENERGY ORGANIZATION

SOONEST.

3. TEXT IS BASED ON LAST DRAFT DISCUSSED WITH ETEMAD ON APRIL 27, WITH EDITORIAL AND PERFECTING CHANGES DISCUSSED BUT NOT DRAFTED AT THAT TIME. MOST SIGNIFICANT CHANGES IN AGREEMENT PROPER, WITH EXPLANATION WHERE NECESSARY, FOLLOW:

ARTICLE I, PARA (15) - NEW SUBARTICLE DEFINING "TRANSFER"

HAS BEEN RETAINED AND IMPROVED.

ARTICLE VII.A. - THIS ARTICLE OMITS AWKWARD LANGUAGE, INSERTED IN TEHRAN DISCUSSIONS, DESCRIBING VARIOUS METHODS FOR "TRANSFER" OF ENRICHED URANIUM, SINCE THESE ARE NOW INCLUDED IN DEFINITION OF TRANSFER IN ARTICLE I (15). ALSO, FABRICATION OF ENRICHED URANIUM FOR REACTOR PROJECTS IN IRAN HAS BEEN SEPARATED OUT OF NEW ARTICLE VII (C) AND INCLUDED IN ARTICLE VII A.

ARTICLE VII.C NOW COVERS ONLY FABRICATION IN IRAN FOR THIRD COUNTRIES.

ARTICLE VIII (C) AS REQUESTED BY ETEMAD, THIS ARTICLE HAS BEEN MODIFIED TO MAKE CLEAR IT DOES NOT APPLY TO FABRICATION OR STORAGE OF MATERIALS CONTAINING LESS THAN 20 U-235.

4. MOST SIGNIFICANT NEW LANGUAGE APPEARS IN TEXT OF NOTE WHICH NOW INCORPORATES BOTH THE STATEMENT OF U.S. WILLINGNESS TO APPROVE REPROCESSING IF IRAN SECURES INVOLVEMENT OF MAJOR SUPPLIER, AND NEW LANGUAGE,

GIVE HIGHLY AFFIRMATIVE WEIGHT TO STRENUOUS EFFORTS OF IRAN TO SECURE MULTI-NATIONAL, I.E., SUPPLIER, INVOLVEMENT. NOTE ALSO RETAINS STATEMENT IN INFORMAL DRAFT PREPARED IN TEHRAN THAT NOTE IS "AN INTEGRAL PART" OF AGREEMENT. IN PROVIDING TEXT TO ETEMAD, EMBASSY SHOULD POINT OUT THAT DRAFT U.S. NOTE REFERS TO VARIOUS INDICATIONS FROM IRAN, ALONG LINES OF ETEMAD'S STATEMENTS  
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DURING RECENT DISCUSSIONS. WHILE NOT EXPLICITLY CALLED FOR IN NEW DRAFT NOTE, A NOTE FROM IRAN STATING ITS INTENTIONS WITH RESPECT TO SECURING MULTI-NATIONAL PARTICIPATION IN FUEL CYCLE ACTIVITIES, TO WHICH U.S. NOTE WOULD BE RESPONSE, WOULD IN OUR VIEW BE EXCELLENT APPROACH TO TAKE. IF ETEMAD AGREES WITH THIS, EMBASSY MAY INDICATE THAT WE WOULD BE GLAD TO HELP DEVELOP SUCH A DRAFT FOR HIS CONSIDERATION. ALTERNATIVELY, US

WOULD EXPECT TO RECEIVE NOTE FROM GOI RESPONDING TO US NOTE, AND CONFIRMING UNDERSTANDINGS THEREIN. EMBASSY SHOULD ALSO INFORM ETEMAD, IN CONNECTION WITH NOTE THAT US ATTACHES CONSIDERABLE IMPORTANCE TO THE CONTINUING AND REASONABLE OPPORTUNITY FOR PARTICIPATION BY U.S. ENTITIES IN AN IRANIAN REPROCESSING FACILITY, IN THE EVENT NO OTHER SUPPLIER INVOLVEMENT IS ACHIEVED AND WE WOULD WISH PRIOR TO CONCLUSION OF NEGOTIATIONS TO DEFINE IN GREATER DETAIL THE NATURE OF SUCH OPPORTUNITY.

5. IAEA'S U.S. ADVISORS HAVE REQUESTED COPY OF NEW

DRAFT. WE HAVE NO OBJECTION TO PROVIDING THEM THIS TEXT, AND SEE SOME ADVANTAGES, IF THEY CONTINUE IN PAST ROLE TO THEIR HAVING IT, BUT FEEL WE SHOULD RELEASE IT ONLY WITH IAEA'S AGREEMENT. PLEASE INQUIRE WHETHER IAEA WISHES U.S. ADVISORS TO HAVE DRAFT AND ADVISE.

6. FYI. EMBASSY WILL RECOGNIZE THAT LANGUAGE OF NOTE DOES NOT ACCEDE TO ETEMAD'S REQUEST THAT U.S. GIVE ITS APPROVAL IN ADVANCE TO REPROCESSING IN IRAN, IF STRENUOUS EFFORTS TO SECURE SUPPLIER INVOLVEMENT ARE UNSUCCESSFUL, BUT IT DOES PUT ALTERNATE FORMULATION, DISCUSSED WITH ETEMAD, OF GIVING AFFIRMATIVE WEIGHT TO SUCH EFFORTS IN BEST POSSIBLE LIGHT. END FYI. KISSINGER

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## Message Attributes

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